



**HOE LEONG CORPORATION LTD.**

**和隆集团有限公司**

Company Registration No.: 199408433W

Registered Address: 6 Clementi Loop, Singapore 129814

**Condensed Interim Financial Statements**

**for the six months ended 30 June 2024**

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**A. Condensed interim consolidated statement of profit of loss and other comprehensive income**

<b>Group</b>	<b>1H 2024 \$'000</b>	<b>1H 2023 \$'000</b>	<b>Increase/ (Decrease) %</b>
<b>Revenue</b>	20,641	18,683	10.5
Cost of sales	(15,689)	(16,470)	(4.7)
<b>Gross profit</b>	4,952	2,213	123.8
Other income	582	125	365.6
Distribution expenses	(1,634)	(1,503)	8.7
Administrative expenses	(2,131)	(2,225)	(4.2)
Other expenses	(830)	(1,058)	(21.6)
Net reversal of impairment losses	165	2,062	(92.0)
<b>Results from operating activities</b>	1,104	(386)	N.M.
Finance costs	(289)	(280)	3.2
<b>Profit/ (loss) before income tax</b>	815	(666)	N.M.
Income tax credit/(expense)	47	(54)	N.M.
<b>Profit/ (loss) for the period attributable to owners of the Company</b>	862	(720)	N.M.
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences arising from foreign operations	(313)	(1,146)	(72.7)
<b>Other comprehensive loss, net of income tax</b>	(313)	(1,146)	(72.7)
<b>Total comprehensive profit/(loss) for the period attributable to owners of the Company</b>	549	(1,866)	N.M.

1H 2024 – 1st half year ended 30 June 2024

1H 2023 – 1st half year ended 30 June 2023

N.M. – Not meaningful

## B. Condensed interim statements of financial position

	Note	Group		Company	
		30 June 2024 \$'000	31 December 2023 \$'000 (Restated)	30 June 2024 \$'000	31 December 2023 \$'000
<b>Assets</b>					
Property, plant and equipment	10	7,417	7,926	2,037	2,170
Investments in subsidiaries	11	-	-	10,298	10,298
Deferred tax assets		488	412	-	-
<b>Non-current assets</b>		<b>7,905</b>	<b>8,338</b>	<b>12,335</b>	<b>12,468</b>
Inventories	12	21,662	20,243	-	-
Trade and other receivables	13	13,520	12,087	10,348	9,845
Net defined benefit asset	16	55	51	-	-
Cash and cash equivalents		1,891	3,445	61	72
<b>Current assets</b>		<b>37,128</b>	<b>35,826</b>	<b>10,409</b>	<b>9,917</b>
<b>Total assets</b>		<b>45,033</b>	<b>44,164</b>	<b>22,744</b>	<b>22,385</b>
<b>Equity</b>					
Share capital	18	128,789	128,772	128,789	128,772
Treasury shares		(55)	(55)	(55)	(55)
Currency translation reserve		(2,415)	(2,102)	-	-
Other reserves		22	22	22	22
Accumulated losses		(100,327)	(101,189)	(108,302)	(108,238)
<b>Total equity</b>		<b>26,014</b>	<b>25,448</b>	<b>20,454</b>	<b>20,501</b>
<b>Liabilities</b>					
Loans and borrowings	14	3,339	4,190	12	138
Deferred tax liabilities		-	1	-	-
<b>Non-current liabilities</b>		<b>3,339</b>	<b>4,191</b>	<b>12</b>	<b>138</b>
Trade and other payables	15	6,385	5,448	1,395	875
Loans and borrowings	14	8,735	8,500	325	313
Other provisions	17	558	558	558	558
Income tax payable		2	19	-	-
<b>Current liabilities</b>		<b>15,680</b>	<b>14,525</b>	<b>2,278</b>	<b>1,746</b>
<b>Total liabilities</b>		<b>19,019</b>	<b>18,716</b>	<b>2,290</b>	<b>1,884</b>
<b>Total equity and liabilities</b>		<b>45,033</b>	<b>44,164</b>	<b>22,744</b>	<b>22,385</b>

### C. Condensed interim statements of changes in equity

GROUP	Share capital \$'000	Treasury shares \$'000	Currency translation reserve \$'000	Other reserves \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 January 2024	128,772	(55)	(2,102)	22	(101,189)	25,448
Issuance of new shares	17	-	-	-	-	17
Total comprehensive (loss)/income for the period						
Profit for the period	-	-	-	-	862	862
<b>Other comprehensive (loss)/ income</b>						
Foreign currency translation differences arising from foreign operations	-	-	(313)	-	-	(313)
<b>Total comprehensive (loss)/ income for the period</b>	-	-	(313)	-	862	549
At 30 June 2024	128,789	(55)	(2,415)	22	(100,327)	26,014
At 1 January 2023	126,814	(55)	(1,128)	14	(101,439)	24,206
Issuance of new shares	1,942	-	-	-	-	1,942
Total comprehensive (loss)/ income for the year						
Profit for the year	-	-	-	-	(720)	(720)
<b>Other comprehensive (loss)/ income</b>						
Foreign currency translation differences arising from foreign operations	-	-	(1,146)	-	-	(1,146)
<b>Total comprehensive (loss)/ income for the year</b>	-	-	(1,146)	-	(720)	(1,866)
At 30 June 2023	128,756	(55)	(2,274)	14	(102,159)	24,282

COMPANY	Share capital \$'000	Treasury shares \$'000	Other reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>FY2024:</b>					
At 1 January 2024	128,772	(55)	22	(108,238)	20,501
Issuance of new shares	17	-	-	-	17
Loss for the period, representing total comprehensive loss	-	-	-	(64)	(64)
At 30 June 2024	128,789	(55)	22	(108,302)	20,454
<b>FY2023:</b>					
At 1 January 2023	126,814	(55)	14	(107,679)	19,094
Issuance of new shares	1,942	-	-	-	1,942
Loss for the period, representing total comprehensive loss	-	-	-	(329)	(329)
At 30 June 2023	128,756	(55)	14	(108,008)	20,707

**D. Condensed interim consolidated statement of cash flows**

	Group	
	1H 2024 \$'000	1H 2023 \$'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before income tax	815	(666)
Adjustments for:		
Depreciation of property, plant and equipment	603	688
Interest expense on loans and borrowings	267	244
Interest expense on financial liabilities measured at amortised cost	22	36
Gain on disposal of property, plant and equipment	(22)	(20)
Reversal of allowance for inventories (net)	(191)	(1,917)
Inventories written off	30	20
Bad debts written off - Trade receivables	-	152
Reversal of impairment of trade receivables	(3)	(317)
Reversal of other provisions	-	(10)
Payables written back	(1)	-
Retirement benefits	(4)	21
Warranty provision	81	-
<b>Operating cash flows before working capital changes</b>	1,597	(1,769)
Changes in working capital:		
Inventories	(1,258)	1,198
Trade and other receivables	(1,445)	1,470
Trade and other payables	874	(1,011)
Cash used in operations	(232)	(112)
Income taxes paid	(32)	-
<b>Net cash used in operating activities</b>	(264)	(112)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(196)	(400)
Proceeds from disposal of property, plant and equipment	23	20
<b>Net cash used in investing activities</b>	(173)	(380)
<b>Cash flows from financing activities</b>		
Interest paid	(289)	(280)
Proceeds from bills payable and trust receipts	4,024	1,482
Repayment of bills payable and trust receipts	(2,565)	(1,104)
Payment of lease liabilities	(361)	(460)
Proceeds from exercise of options	-	1,846
Proceeds from bank borrowings	-	17
Repayment of bank borrowings	(1,504)	(454)
<b>Net cash (used in)/ generated from financing activities</b>	(695)	1,047
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(1,132)	555
Cash and cash equivalents, beginning balance	3,445	4,666
Effect of exchange rates fluctuations	(422)	(1,212)
<b>Cash and cash equivalents, ending balance</b>	1,891	4,009

## E. Notes to the condensed interim consolidated financial statements

### 1. Corporate information

Hoe Leong Corporation Ltd. (the “**Company**”) is incorporated in the Republic of Singapore. The Company’s registered office is at 6 Clementi Loop, Singapore 129814.

The principal activities of the Group are those relating to designing, manufacturing and distribution of heavy equipment parts. The Company is an investment holding company.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the “**Group**”).

### 2. Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Singapore dollar which is the Company’s functional currency.

#### 2.1 New and amended standards adopted by the Group

A number of new standards and/ or amendments to standards are effective for the Company on or after 1 January 2024 (i.e. the beginning of the current financial year).

Standard	Title	Annual periods beginning on or after
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
SFRS(I) 16	Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Various	Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
SFRS(I) 1-7, SFRS(I) 7	Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements	1 January 2024
SFRS(I) 1-21	Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 January 2025
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The adoption of the above amendments is not expected to have a significant impact on the Group’s financial statements.

## **2.2 Use of judgements and estimates**

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## **3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## **4. Segment and revenue information**

The Group is organised into the following main business segments:

a) Design and manufacture

Design, manufacture and sale of equipment parts for both heavy equipment and industrial machinery under in-house brands, "KBJ", "OEM", "ROSSI" and "MIZU".

b) Trading and distribution

Trading and distribution of an extensive range of equipment parts for both heavy equipment and industrial machinery sourced from third parties.

c) Investment holding

The investment holding relates to the holding of long-term investments.

These operating segments are reported in a manner consistent with internal reporting provided to the executive directors of the Company who are responsible for allocating resources and assessing performance of the operating segments.



#### 4.1 Reportable segments

GROUP	Design and manufacture		Trading and distribution		Investment holding		Total	
	1H 2024 S\$'000	1H 2023 S\$'000	1H 2024 S\$'000	1H 2023 S\$'000	1H 2024 S\$'000	1H 2023 S\$'000	1H 2024 S\$'000	1H 2023 S\$'000
External revenue	14,466	14,547	6,175	4,136	-	-	20,641	18,683
Finance costs	(246)	(228)	(37)	(39)	(6)	(13)	(289)	(280)
Depreciation	(143)	(180)	(274)	(239)	(186)	(269)	(603)	(688)
Reportable segment profit/(loss) before income tax	831	257	438	(263)	(454)	(660)	815	(666)
<b>Other material non-cash items:</b>								
Reversal of allowance for inventories (net)	113	1,787	78	130	-	-	191	1,917
Bad debts written off - Trade receivables	-	(65)	-	(87)	-	-	-	(152)
Reversal of impairment of trade receivables	1	135	2	182	-	-	3	317
Payables written back	1	-	-	-	-	-	1	-
<b>Capital expenditure:</b>								
Purchase of property, plant and equipment	(156)	(12)	(40)	(388)	-	-	(196)	(400)
Additions to right-of-use assets	-	(100)	-	(101)	(53)	-	(53)	(201)

GROUP	Design and manufacture		Trading and distribution		Investment holding		Total	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Reportable segment assets	27,397	27,380	15,376	14,392	2,260	2,392	45,033	44,164
Reportable segment liabilities	13,633	13,784	3,093	3,042	2,293	1,890	19,019	18,716

## 4.2 Geographical segments

Revenue contribution from a country or region is disclosed separately when it exceeds 5% of the Group's revenue respectively.

GROUP	Revenue	
	1H 2024 \$'000	1H 2023 \$'000
Australia	7,533	5,301
Europe	1,385	1,647
North America	5,596	3,349
Asia	4,626	6,082
Middle East	687	1,510
Others	814	794
Total	20,641	18,683

The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

GROUP	Non-current assets (excluding deferred tax assets)	
	30 June 2024 \$'000	31 December 2023 \$'000
Australia	2,033	2,062
Asia	5,384	5,864

## 5 Financial assets and financial liabilities

Overview of the financial assets and financial liabilities is as follows:

	GROUP		COMPANY	
	30 June 2024 \$'000	31 December 2023 \$'000 (Restated)	30 June 2024 \$'000	31 December 2023 \$'000 (Restated)
<b><i>Financial assets at amortised cost</i></b>				
Trade and other receivables	13,254	11,880	10,338	9,841
Cash and cash equivalents	1,891	3,445	61	72
Total	15,145	15,325	10,399	9,913
<b><i>Financial liabilities at amortised cost</i></b>				
Loans and borrowings	12,074	12,690	337	451
Trade and other payables	6,127	5,271	1,395	875
Total	18,201	17,961	1,732	1,326

The carrying amount of financial assets and financial liabilities is a reasonable approximation of their fair value.

## 6 Profit or loss before income tax

### 6.1 Significant items

GROUP	1H 2024 \$'000	1H 2023 \$'000
<b>Finance costs:</b>		
Interest expense on loans and borrowings	267	244
Interest expense on financial liabilities measured at amortised cost	22	36
	289	280
<b>Included in 'Other income':</b>		
Gain on disposal of property, plant and equipment	(22)	(20)
Foreign currency exchange gain	(444)	-
<b>Included in 'Other expenses':</b>		
Depreciation of property, plant and equipment (partially classified in 'Cost of sales')	603	688
Foreign currency exchange loss	-	160
<b>Included in 'Impairment losses':</b>		
Reversal of allowance for inventories (net)	(191)	(1,917)
Inventories written off	30	20
Bad debts written off - Trade receivables	-	152
Reversal of impairment of trade receivables	(3)	(317)
Payables written back	(1)	-

## 6.2 Related party transactions

Other than those disclosed elsewhere in the financial statements, transactions with related parties are as follows:

<b>GROUP</b>	<b>FY 2024 \$'000</b>	<b>FY 2023 \$'000</b>
Rental and miscellaneous expenses - former affiliated corporations	-	12

## 7 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

<b>GROUP</b>	<b>1H 2024 \$'000</b>	<b>1H 2023 \$'000</b>
Current tax expense/ (credit)	26	(1)
Deferred tax (credit)/ expense	(73)	55
Total income tax (credit)/ expense	(47)	54

## 8 Earnings Per Ordinary Share (“EPS”)

<b>GROUP</b>	<b>1H 2024</b>	<b>1H 2023</b>
Profit/ (loss) attributable to owners of the Company (\$'000)	862	(720)
Weighted average number of ordinary shares ('000):		
- Basic	15,075,673	14,419,884
	15,075,673	14,419,884
EPS (Basic) (cents)	0.01	(0.01)
EPS (Diluted) (cents)	0.01	(0.01)

Basic EPS ratio is calculated by dividing profit or loss, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during each financial period.

Diluted EPS is calculated by dividing profit or loss, net of tax attributable to owners of the Company (after giving effect to the elimination of interest expense, net of tax benefit) by the weighted average number of ordinary shares outstanding and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. For 1H 2023, there is no dilutive effect on EPS as all remaining options were exercised on 28 March 2023.

## 9 Net asset value

	GROUP		COMPANY	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
NAV attributable to owners of the Company (\$'000)	26,014	25,448	20,454	20,501
Total number of issued shares excluding treasury shares ('000)	15,087,352	15,070,875	15,087,352	15,070,875
NAV per ordinary share (cents)	0.17	0.17	0.14	0.14

## 10 Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to \$196,000 (1H 2023: \$400,000) and disposed of assets with net book value amounting to \$1,000 (1H 2023: \$Nil).

## 11 Subsidiaries

COMPANY	30 June 2024 \$'000	31 December 2023 \$'000
Investments in subsidiaries:		
Unquoted equity shares, at cost	21,481	21,481
Accumulated impairment losses	(11,183)	(11,183)
Carrying amount	10,298	10,298

## 12 Inventories

Group	30 June 2024 \$'000	31 December 2023 \$'000
Raw materials	1,645	1,627
Work-in-progress	4,954	5,058
Finished goods, at net realisable value	14,707	12,360
Goods-in-transit	356	1,198
Total	21,662	20,243

During 1H 2024, an allowance for slow-moving inventories of \$191,000 (1H 2023: \$1,917,000) was reversed.

### 13 Trade and other receivables

	Group		Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Trade receivables due from:				
- third parties	12,449	10,789	-	-
- subsidiaries	-	-	11,664	12,507
	12,449	10,789	11,664	12,507
Less: allowance for impairment losses				
- third parties	(292)	(294)	-	-
- subsidiaries	-	-	(4,419)	(4,419)
	(292)	(294)	(4,419)	(4,419)
Net trade receivables	12,157	10,495	7,245	8,088
Other receivables due from subsidiaries	-	-	2,956	1,622
Advances to suppliers	60	303	-	-
Deposits	219	186	132	131
Tax recoverable	7	22	-	-
Sundry receivables	811	874	5	-
Prepayments	266	207	10	4
Total other receivables	1,363	1,592	3,103	1,757
Total trade and other receivables	13,520	12,087	10,348	9,845

Non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand.

The Group does not require collateral in respect of trade receivables. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

Aging of the Group's trade receivables as at the relevant financial period end dates are as follow:

Group	30 June 2024	31 December 2023
	\$'000	\$'000
Not past due	7,088	6,600
Past due 0 – 30 days	1,528	1,784
Past due 31 – 60 days	1,035	335
Past due 61 – 90 days	144	415
Past due 91 – 150 days	631	332
Past due more than 150 days	2,023	1,323
Total	12,449	10,789

Management estimated the impairment loss allowance on credit-impaired receivables based on the age of the trade receivables, their future collectability, credit-worthiness of customers, the historical default rate, and various other factors.

Credit term of up to 150 days is granted to customers. Included in the total allowance for impairment of trade receivables amounting to \$292,000 (31 December 2023: \$294,000) is a specific allowance for impairment of \$255,000 (31 December 2023: \$250,000) relating to credit-impaired receivables.

The Group's top 5 customers accounted for about 53% (31 December 2023: 25%) of total trade receivables. No allowance for impairment was made for the amount due as at 30 June 2024, considering the payment track record of the customers and the Group's ongoing trading relationship with them.

## 14 Loans and borrowings

	GROUP		COMPANY	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
<b>Non-current liabilities</b>				
Unsecured bank borrowings	3,068	3,607	-	-
Lease liabilities	271	583	12	138
Sub-total	3,339	4,190	12	138
<b>Current liabilities</b>				
Secured bank borrowings	3,854	2,582	-	-
Unsecured bank borrowings	4,311	5,352	-	-
Lease liabilities	570	566	325	313
Sub-total	8,735	8,500	325	313
Total	12,074	12,690	337	451

Bank borrowings are secured by:

- a) Legal mortgages over freehold land and buildings and certain plant and equipment of the Group; and
- b) Corporate guarantees provided by the Company.

## 15 Trade and other payables

	Group		Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Trade payables	2,813	2,922	-	7
Accrued expenses	3,313	2,348	1,395	868
Provision*	258	177	-	-
Deposits received	1	1	-	-
Total	6,385	5,448	1,395	875

\* Provision has been recognised by the Group for estimated warranty claims in respect of products sold which are still under warranty as at 30 June 2024.

Accrued expenses comprised mainly of legal and professional fees relating to concluded litigation, unbilled purchases and other operating expenses.

## 16 Net defined benefit asset/liability

The Group contributes to the post-employment defined benefit plan in Korea. The assets of the plan are held separately from those of the Group and is fully funded by a Group's subsidiary. The defined benefit plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk. The defined benefit obligations are presented net of the carrying amount of the plan assets, as net defined benefit asset or liability, as the case may be.

## 17 Other provisions

	GROUP		COMPANY	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
At beginning of the financial period/year	558	588	558	588
Reversal during the financial period/year	-	(30)	-	(30)
At end of the financial period/year	558	558	558	558

Other provisions pertain to ongoing material litigations as described in Note 21.

## 18 Share capital

GROUP AND COMPANY	Number of ordinary shares	Share capital \$'000
As at 1 January 2023	13,750,157,828	126,814
Issue of ordinary shares arising from:		
- Exercise of options	1,264,383,561	1,846
- Share-based payment	48,000,000	96
- Vesting of performance shares	8,333,333	16
As at 31 December 2023	15,070,874,722	128,772
- Share-based payment	16,477,270	17
As at 30 June 2024	15,087,351,992	128,789

On 28 March 2023, SHHPL exercised the remaining 1,264,383,561 options into 1,264,383,561 new ordinary shares.

On 9 May 2023, the Company issued and allotted 48,000,000 ordinary shares at an issue price of \$0.002 per share in satisfaction of a portion of the remuneration of Mr Liew Yoke Pheng Joseph, Executive Chairman, from 1 January 2022 to 31 December 2022 amounting to \$96,000.

On 4 September 2023, the Company issued and allotted 8,333,333 ordinary shares at \$0.002 per share pursuant to the vesting of awards granted under the Hoe Leong Corporation Performance Share Plan.

On 13 May 2024, the Company issued and allotted 16,477,270 ordinary shares at an issue price of \$0.001 per share in satisfaction of a portion of the remuneration of Mr Liew Yoke Pheng Joseph, the former Executive Chairman, from 1 January 2023 to 31 October 2023 amounting to \$17,000.

470,000 treasury shares were held as at 30 June 2024 and 31 December 2023. There is no sale, transfer, cancellation and or use of treasury shares during 1H 2024 and FY2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2024 and 31 December 2023 and there is no sale, transfer, cancellation and/ or use of subsidiary holdings during 1H 2024 and FY2023.



## 19 Reclassification and comparative figures

Certain comparative figures have been reclassified to the prior year's financial statements to enhance comparability with the current year's financial statements.

	<b>Group</b>	
	<b>As previously reported</b>	<b>As reclassified</b>
	<b>2023</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Statements of financial position</b>		
Trade and other receivables	12,994	12,087
Reserve for retirement allowance	(856)	-
Net defined benefit asset	-	51

## 20 Event occurring after the reporting period

Subsequent to 30 June 2024, the Company entered into a conditional subscription agreement with a third party. Please refer to the Company's announcement dated 29 July 2024 for more details.

## 21 Material litigations

### A. Kuala Lumpur High Court - Auspicious Journey Sdn Bhd vs Ebony Ritz Sdn Bhd and 5 others

For details of this case, please refer to the last audited financial statements. The update is briefly stated below.

The trial for assessment of damages took place during 10 July 2023 to 13 July 2023 where all the plaintiff's witnesses completed their testimony. The hearing for the assessment of damages continued on 24 June 2024, 25 June 2024, 26 June 2024 and 28 June 2024. The Court fixed further trial/hearing dates for this matter on 14 March 2025, 21 March 2025, 28 March 2025, 4 June 2025 and 5 June 2025.

### B. Kuala Lumpur High Court – Tan Sri Halim Bin Saad vs Hoe Leong Corporation Ltd. and 5 others

For details of this case, please refer to the last audited financial statements. The update is briefly stated below.

During the case management on 26 September 2022, the trial of the civil suit was re-scheduled to take place from 11 November 2024 to 14 November 2024. A mediation which took place on 10 January 2022 was not successful. A final case management will be held on 10 October 2024 before the trial.

## F. Other information required by Listing Rule Appendix 7.2

### 1 Review

The condensed interim consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2024 and the condensed interim consolidated statement of profit or loss and comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes and other information have not been audited or reviewed by the Company's auditors.

## 2 Review of performance of the Group

### Revenue

Revenue of the Group increased by \$1.9 million or 10.5% to \$20.6 million during 1H 2024 from \$18.7 million during 1H 2023.

Sale of the Group's products in certain markets (mainly USA and Australia) increased during 1H 2024 in view of more economic activities in USA and Australia. Revenue generated from the Australia and North America markets was higher during 1H 2024 compared to 1H 2023 as a result of more engagements with customers from Australia and the North America.

### Cost of sales

Cost of sales decreased by \$0.8 million or 4.7% to \$15.7 million during 1H 2024 from \$16.5 million during 1H 2023.

Gross profit ("GP") was \$5.0 million (GP margin: 24.0%) in 1H 2024 and \$2.2 million (GP margin: 11.8%) in 1H 2023.

The decrease in cost of sales and resultant increment in GP margin was mainly due to lower proportion of old, slow-moving inventories sold during 1H 2024 compared to 1H 2023. As the GP margin for such older inventories was generally lower, this had impacted the overall GP margins for 1H 2023 compared to 1H 2024. As there were lower sales of such older inventories, a lower allowance of slow-moving inventories of \$0.2 million was reversed during 1H 2024 (1H 2023: \$1.9 million).

### Other income

Other income increased by \$457,000 to \$582,000 during 1H 2024 from \$125,000 during 1H 2023.

The above increase was mainly due to the foreign currency exchange gain of \$444,000 recorded during 1H 2024. The foreign exchange gain was mainly resulting from the fluctuation in United States Dollar.

In addition, other income also comprised government grant income of approximately \$20,000 (relating to environmental improvement project) received by our Korean subsidiary during 1H 2024.

### Distribution expenses

Distribution expenses increased by \$0.1 million or 8.7% from \$1.5 million during 1H 2023 to \$1.6 million during 1H 2024.

The above increase was mainly due to higher sales commission.

### Administrative expenses

Administrative expenses decreased by \$0.1 million or 4.2% to \$2.1 million during 1H 2024 from \$2.2 million during 1H 2023.

The above decrease was mainly due to lower legal and professional fees being incurred in 1H 2024.

### **Other expenses**

Higher other expenses incurred during 1H 2023 as compared to 1H 2024 was mainly due to higher depreciation and foreign currency loss. The foreign exchange loss was mainly resulting from the fluctuation in United States Dollar.

### **Net reversal of impairment losses**

This item comprised mainly of reversal of allowance of slow-moving inventories. This reversal was lower during 1H 2024 due to realisation of a lower quantity of old, slow-moving inventories when compared to 1H 2023.

### **Finance costs**

Finance costs were \$289,000 and \$280,000 during 1H 2024 and 1H 2023 respectively.

### **Profit or loss before income tax**

As result of the above, profit before income tax for 1H 2024 was \$815,000 while it was a loss before income tax of \$666,000 for 1H 2023.

## **Financial Position Review**

### **Non-current assets**

Non-current assets decreased by \$0.4 million from \$8.3 million as at 31 December 2023 to \$7.9 million as at 30 June 2024. The decrease was mainly due to decrease in property, plant and equipment by \$0.5 million from \$7.9 million as at 31 December 2023 to \$7.4 million as at 30 June 2024 arising from depreciation charge.

### **Current assets**

Current assets increased by \$1.3 million from \$35.8 million as at 31 December 2023 to \$37.1 million as at 30 June 2024. The increase was mainly due to increase in inventories by \$1.4 million and trade and other receivables by \$1.5 million. Such increase was partially offset by a decrease in cash and cash equivalents by \$1.6 million.

The increase in trade and other receivables was mainly due to the increase in trade debts by \$1.7 million which was partially offset by a decrease in other receivables by \$0.2 million. Average trade receivables turnover was 135 days as at 30 June 2024 compared to 93 days as at 31 December 2023.

The increase in inventories was mainly due to higher amount of finished goods as at 30 June 2024 compared to 31 December 2023. Average inventories turnover was 244 days as at 30 June 2024 and 209 days as at 31 December 2023.

### **Non-current liabilities**

Non-current liabilities decreased by \$0.9 million from \$4.2 million as at 31 December 2023 to \$3.3 million as at 30 June 2024. The decrease was mainly attributable to:

- a) Reduction in outstanding balance of loans and borrowings by \$0.6 million; and
- b) Reduction in lease liabilities by \$0.3 million.

### **Current liabilities**

Current liabilities increased by \$1.2 million from \$14.5 million as at 31 December 2023 to \$15.7 million as at 30 June 2024. The increase was mainly due to increase in trade and other payables by \$0.9 million and loans and borrowings by \$0.2 million. Average trade payables' turnover was 33 days as at 30 June 2024 and 32 days as at 31 December 2023.

### **Cash Flow Review**

Net cash used in operating activities was \$0.3 million during 1H 2024. The higher operating cash inflows before working capital changes of \$1.6 million during 1H 2024 as compared to \$1.8 million operating cash outflows during 1H 2023 was mainly due to the lower net reversal of allowance for inventories.

Net cash used in investing activities amounting to \$0.2 million mainly due to purchase of property, plant and equipment.

Net cash used in financing activities amounting to \$0.7 million was mainly due to repayment of loans and borrowings of \$4.0 million, interest payment of \$0.3 million and payment of lease liabilities of \$0.4 million. The above outflows were partially offset by proceeds from drawdown of bank borrowings of \$4.0 million.

As a result of the above, there was a net decrease of \$1.1 million in cash and cash equivalents during 1H 2024. Cash and cash equivalents was \$1.9 million as at 30 June 2024.

### **3 Variance from forecast or prospect statement**

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

### **4 Significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

On 29 July 2024, the Company entered into a conditional subscription agreement with a subscriber to issue 10 million new ordinary shares at an issue price of \$0.002. Subject to regulatory approvals and shareholders' approval at the extraordinary general meeting to be convened at the date to be announced, the gross proceeds of the \$20 million will be received in three tranches by beginning 2025. Of the proceeds, \$5 million will support heavy equipment business expansion and general working capital with the remaining to fuel potential business opportunities which may arise.

Additionally, the Company will grant the subscriber 6,818,181,818 unlisted share options, each allowing the right to subscribe for one new ordinary share at an issue price of \$0.0022 with an option period of 3 years. The gross proceeds of \$15 million derived from the exercise of the share options will be used for general working capital and at the same time place the Company in a good position to capitalise on future business expansion opportunities. Shareholders' approval for these transactions will also be sought. Please refer to the Company's announcement dated 29 July 2024 for more details.

While it continues to face challenging prospects in certain markets, the Group aims to strengthen specific emerging and developed markets in anticipation of positive conditions. With the anticipated cash infusion from the proposed share subscription, the Company will continue its cost management efforts to strengthen the Group's liquidity over time. Despite adopting a prudent stance for the upcoming year due to current geopolitical uncertainties, the Company is also committed to making calibrated investments to improve and enhance its operating capabilities in its existing operations.

**5 Dividend**

**(a) Dividend declared for the current financial period**

No dividend has been declared or recommended for 1H2024 as the Group would like to conserve cash for its working capital requirements.

**(b) Dividend declared for the previous corresponding period of the immediately preceding financial year**

No dividend was declared for 1H 2023.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**(e) Record date - Date on which registrable transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Not applicable.

**6 Interested Person Transactions (“IPTs”)**

During 1H 2024, there is no IPTs amounting to \$100,000 and above.

The Company does not have a general mandate from shareholders for IPTs.

**7 Confirmation that the issuer has procured the undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual**

The Company has received undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

**8 Negative confirmation pursuant to Rule 705(5) of the Listing Manual**

The Board confirms that, to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial statements for 1H 2024 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Yeo Puay Hin  
Executive Director and Chief Executive Officer

14 August 2024